

PX 92

Message

From: Breanne Madigan [REDACTED]@ripple.com]
on behalf of Breanne Madigan <[REDACTED]@ripple.com> [REDACTED]@ripple.com]
Sent: 9/11/2019 1:55:32 PM
To: [REDACTED]@ripple.com>]
CC: [REDACTED]@ripple.com>]; Dinuka Samarasinghe [Dinuka Samarasinghe <[REDACTED]@ripple.com>]; Ron Will [REDACTED]
Subject: Re: [REDACTED] follow-up & next steps

Agree on approach: CCTT as key ask

This is why I wanted that the 3rd topic - ie frame the problem (generically, and objectively - not specific to [REDACTED]; explain our role as stewards (which they should in theory share); position ourselves as responsible market leaders by addressing this volumes problem head-on; then explain that we are asking our partners and other key xrp stakeholders to follow suit (playing up the fraudulent angle is a good idea by [REDACTED] too. May help motivate them via legal concerns); and then pointing out that in fact, we are going so far as to pause programmatic sales altogether on our end; then save the 5th point ("alternatives") for appendix - back pocket for Brad, should the CCTT ask fail ...

Agree with [REDACTED] separating the "gives"-
 Only use "alternatives" after we get their feedback on CCTT.

FWIW, I'm not convinced on the "XRP initiatives" they allege as being significant size, just based on what we have seen so far (ie routing 90-95% straight selling to exchanges) but perhaps these more significant initiatives are forth coming, and we are certainly open to supporting them if they are good for xrp ecosystem as a whole

Breanne Madigan
 Global Institutional Markets
 [REDACTED]@ripple.com

On Sep 11, 2019 at 9:08 PM, <[REDACTED]> wrote:

Hi [REDACTED]
 Thanks for your thoughts.

Agree that we focus on the switch from CMC to CCTT, and think that we should really stick with the argument that the change is due to [REDACTED] fraudulent data (= external factors that Ripple cannot control) and that it has some regulatory risk. If we try to offer some compensation (e.g. further discount, one-time payment) to make up for the inconvenience, it may sound like Ripple is asking for this out of our business motivation, which may weaken our argument. So I think that we may want to keep our 'give' separate from this particular ask.

On the give side, since [REDACTED] has been emphasizing their initiatives for institutional adoption, maybe we can offer a separate strategic fund, from which SBI can withdraw at a deeper discount for the purpose of fostering institutional adoption. (w/ some conditions to ensure that the initiative won't have a negative market impact)

Financially it's same (give and ask), but by separating out the give to focus on the positive, strategic collaboration, they may feel understood and appreciated by us for their initiatives. Also we will have more visibility into what initiatives they want to do for XRP.

Just some thoughts. If I think of any other ideas, I'll let you know.

On Wed, Sep 11, 2019 at 11:33 AM [REDACTED]@ripple.com> wrote:

[REDACTED] and I are going to start pull some data, but I agree with [REDACTED] about the concrete proposal and think that we need to get that locked down in order to properly build the deck.

In order to fully structure the argument, we need to reach a consensus on what Ripple's ideal result of the meeting would be, and what our hoped/expected result is. It seems, to me, that the ideal result is to have no change to the deal overall, but to get them to limit sales to 10bps of CCTT instead of CMC. That would result in a deck narrative that jives well with [REDACTED] thoughts and makes no pushback on their stated need for XRP, only making the case that they shouldn't be directly monetizing it based on a flawed measure and should be holding it longer to align with us long-term and using it for their demand-positive initiatives.

On the expected result side, we know that they may not be willing to aggressively limit sales to Top Tier volumes without some additional get, so we should figure out what that looks like in order to make sure the narrative fits. It doesn't seem that the initial proposed "pay them the PnL" deal fits with [REDACTED]'s thoughts or Chris' feedback on how they are thinking. Some possibilities:

- Additional discount to make them closer to whole on their realized revenue numbers with the limited sales.
- One-time (escrowed) XRP grant.
- Payments in USD in addition to their discounted XRP.

I'm sure there are others, but would love to hear any feedback so we can build the right narrative into the deck if we want to push some alternative incentives to just having them switch to CCTT.

On Wed, Sep 11, 2019 at 12:23 PM [REDACTED]@ripple.com> wrote:

Hi Breanne,

Here are some of my thoughts on the proposal part.

- [REDACTED] consistent push-back has been that [REDACTED] needs more XRP to implement various promotional initiatives which are designed to drive institutional adoption of XRP. (e.g. granting XRP to the shareholders of [REDACTED] companies, launching mutual funds that contain XRP, launching a swap market for XRP) He brought it up in the JV board meeting last week too. So I think that we should acknowledge (and appreciate) their efforts and mention that we would cooperate with them to ensure that they have necessary XRP liquidity for the initiatives which we believe have a minimal impact on the market. I've been asking how much XRP they would need for these initiatives, but haven't got a clear answer yet.

- In other words, I think that we should be careful about sounding like their objective is solely about profiting from the discount since they've been claiming that is not the case and they want to use the XRP to promote institutional adoption. (They may even get offended if we sound like they are only caring about profits.)
 - They care about flexibility in accessing XRP liquidity depending on the market condition, so we should touch on this.
 - Regarding market impact, [REDACTED] still thinks that their sell has a minimal impact and points to other 'sell pressure' that they've been observing as a much bigger influencing factor. So as [REDACTED] mentioned, if we can present our reasoning as objectively and logically as possible using clear data, that would be great.
 - In order to make the in-person meeting as productive as possible, I believe that we should have a rather concrete proposal as a starting point while showing our willingness to work out an optimal structure for both parties. (want to avoid the situation where in-person discussion just ends up being abstract.)
- Please let me know if you have any questions etc. Once you have a draft, I am happy to add my comments, etc.

Thanks,
[REDACTED]

On Wed, Sep 11, 2019 at 6:52 AM Breanne Madigan <[REDACTED]@ripple.com> wrote:

100% in agreement re: messaging and tone, [REDACTED] Thanks for your email. Just a quick post that I previously indicated to Brad that we will aim for end of this week, so if we can target Friday EOD, that would be ideal. I realize you're all tied up at the offsite now, and I'm traveling now as well, but will hustle and coordinate with [REDACTED] to see if we can get this done sooner, assuming OK with you? Will keep this group posted on progress/flag if we need more time. Thanks again.

Best,
Breanne

Breanne Madigan
Global Institutional Markets
[REDACTED]@ripple.com

On Sep 11, 2019 at 3:44 AM, [REDACTED] wrote:

+1 think these capture the key points. Would ask that you and [REDACTED] start to flesh out the actual presentation (even if just a skeleton) while I'm tied up at the leadership offsite.

There are some other topics we'll want to cover - some are in anticipation of their questions / push back. A few thoughts for your consideration:

- to your point, emphasizing the fact that we have been proactive / aggressive in reducing capacity into the market.

- showing - objectively - how their activity represents a disproportionate amount of the supply hitting the market
- calling out that since [REDACTED] is a major shareholder, our interests should be aligned - we are BOTH stewards of the XRP ecosystem; could even include reminding them how much money they've made as a result in investing in Ripple (a favorite Brad point!) to drive it home
- demonstrating our willingness to work with them to find the right structure / answer to address this issue

I'd like to have a draft to share w/ Brad by Monday.

Thanks!

[REDACTED]
On Tue, Sep 10, 2019 at 4:01 PM [REDACTED]@ripple.com> wrote:
Hi Breanne,

Thanks for sharing the suggested outline.
The overall flow & structure look good to me.
I have some specific inputs to proposal ideas, and will get back to your team tomorrow.

[REDACTED]
On Tue, Sep 10, 2019 at 10:02 AM Breanne Madigan <[REDACTED]@ripple.com> wrote:

Hope you're both well. After last night's meeting, we thought we would take a stab at putting together some prelim materials covering a few of the below items -

1. Recent and historical XRP performance
2. Our role as stewards of the asset
3. Recent changes to our benchmark (CCTT) and why we are asking our partners to do same
4. Our significant reduction and (likely) pausing of programmatic sales
5. Concerns with recent selling (including [REDACTED] and some alternative proposals for consideration (to mitigate the negative outcomes of this deal)

Does this outline broadly work for you? Please let us know your feedback, and we will aim to get a draft by end of this week. We can then discuss with Brad and others as well.

Thank you,
B

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Breanne Madigan
Global Institutional Markets
[REDACTED]@ripple.com

[REDACTED]
Sr. Director of Global Operations | Ripple

[REDACTED]
[\[REDACTED\]@ripple.com](#)



[REDACTED]
Sr. Director of Global Operations | Ripple

[REDACTED]
[\[REDACTED\]@ripple.com](#)



[REDACTED]
Sr. Manager, Institutional Markets



[REDACTED]
Sr. Director of Global Operations | Ripple

[REDACTED]
[\[REDACTED\]@ripple.com](#)

